



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 30, 2003

TO: Minerals File

FROM: Tom Munson, Senior Reclamation Hydrologist *TM*

SUBJECT: Site Inspection, David Penney, Silver #3-#4, S/001/057, Beaver County, Utah

Date of Inspection: June 26, 2003
Time of Inspection: 1:00 – 2:00 p.m.
Conditions: Sunny
Participants: Tom Munson, DOGM

Purpose of Inspection:

To perform an annual inspection of the property.

Observations:

I did not GPS the site, because Mr. Ginouves of the Cedar City BLM office has kept good records and GPS files on this site as it is located entirely on BLM land. There is a new road that has been built on the east and north side of this property, which comes up the canyon from the main access road. It comes up the hill until it reaches the new quarry site, now making it possible for a semitruck to come up the backside of this property, turn around and then leave the same way it came. This makes this particular site more advantageous for the miner, but increases the amount of disturbance. The attached GPS map shows the property at greater than five acres and makes this mine a Large Mining Operation. The BLM holds a National Bond allocating \$20,000 for reclamation on this property.

Conclusions and Recommendations:

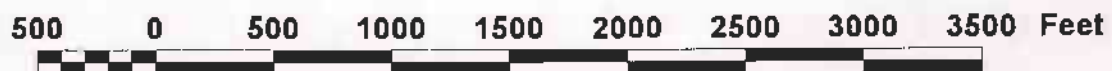
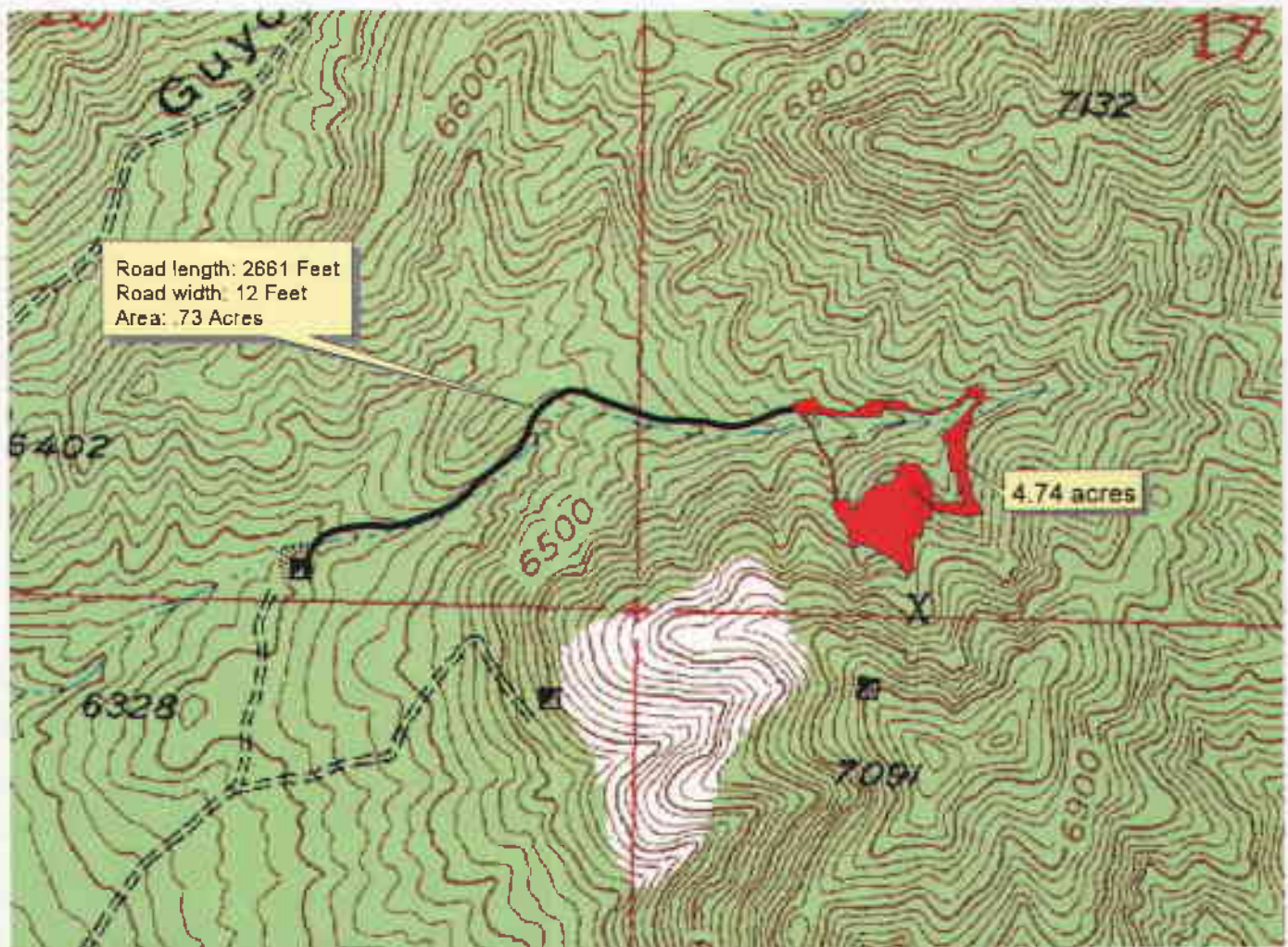
I contacted Mr. Ginouves to get him to re-GPS this site so we would have an accurate acreage as to how much disturbance actually exists at the site. On July 9, 2003, Mr. Ginouves GPS'd the overall disturbance. The USGS quadrangle is Cave Canyon. This property is located in the S1/2 of the SW1/4 of Section 17 and the S1/2 of the SE1/4 of Section 18, T29S, R9W. The disturbance associated with the mine site and access road on the backside of the pit is 4.74 acres. The access road, which takes off from existing access road and runs up the canyon is approximately .73 acres, making a total of 5.5 acres of disturbance found within this site. It is my recommendation that Mr. Penney permit this mine as a Large Mining Operation and that the Division generate a map that will help Mr. Penney be able to put down on paper what his mining plans are, in terms of reclamation and the requirements of the LMO. Once the plan is approved, the Division can verify that Mr. Penney has enough bond money to reclaim the Picasso marble site and that the Division can access the nationwide bond the BLM holds.

jb

cc: David Penney, operator
Ed Ginouves, BLM

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S/001/057
Sliver # 3-4
David Penney



Access Road - .73 acres

Mine Disturbance Area- 4.74 Acres

Inspection performed and GPS data
collected by Ed Ginouves of
BLM - July 9, 2003
USGS Quadrangle - Cave Canyon(Q3211)
Location:
S1/2 of SW1/4, Sec 17
S1/2 of SE 1/4, Sec 18
T29S, R9W



This product may not meet DOGM
standards for accuracy and content.
Different data sources and input scales
may cause some misalignment of data
layers.

ATTACHMENT

Photographs

S/001/057, Sliver 3-4, David Penney

Inspection Dated: 6/19/2003 ; Report Dated: 7/17/2003



Photo 1 - north part of mine site pad and pit



Photo 3 - new road up backside



Photo 2 - Outcrop of Ore Body



Photo 4 - new road up backside



Photo 5 - new road up backside



Photo 7 - Upper pad looking west



Photo 6 - new road up backside



Photo 8 - Where road from backside meets pad



Photo 9 - Active Pit Area



Photo 10 - Road adjacent to pit.